AMENDMENTS TO THE SPECIFICATION:

During the course of review of this application for preparation of the present response, several minor typographical errors were noted. Accordingly, please amend the specification as follows:

Please rewrite the paragraph starting at line 13 of page 7 as follows:

This block 226 is then inverse discrete cosine transformed using an inverse discrete cosine transformer 230 to produce block 236 containing coefficients in the pixel domain that are then stored as one block of a drift reference frame 240. This process is repeated for each block in frame N to create a complete drift reference frame. This drift reference frame is then used in the drift compensator 134 ~~compensator 124~~ as will be described shortly.

Please rewrite the last paragraph of page 10 as follows:

To evaluate the performance of the above drift reduction method, a simulation was conducted as follows: Pixel values in the range of 110 to 150 are randomly selected to form a 16x16 frame as a reference frame, and an 8x8 block is similarly generated to form a current block with its motion vector MV(x,y), where x and y both are set at 3 for simplicity. Note that the motion vector in this simulation is not necessarily pointing to the best-matched block in the reference frame. Also assume the cut-off point for the DCT coefficients dropping in higher frequencies is 10. i.e., only ten DCT coefficients are retained. Any reduction in drift will produce an associated improvement in PSNR (Peak Signal ~~Peal Signal~~ to Noise Ratio). Thus, PSNR values of the current block without any drift reduction and with the above drift reduction method are then compared. The results of the simulation is shown in **TABLE 1** with each PSNR value in the table representing the average value over 5000 simulation runs.